

Parx Casino OP-23.3 Petition Pennsylvania Gaming Control Board March 22, 2017



OVERVIEW & RATIONALE

- OP-23.3 represents a solution to a significant situation facing Parx Casino—the removal of automated teller machines (ATMs) from the casino floor.
- Each casino licensee has a unique layout, vision and plan for its licensed facility.
- Locations for slot machines, table games, ticket redemption machines, valet kiosks and ATMs are carefully planned out and evaluated.
- The recent requirement that all ATMs be removed from the casino floor has had a detrimental effect on the customer experience at Parx, as well as gross terminal revenue.
- OP-23.3 represents a reduction of the gaming floor by 3.63% or 6,214 square feet.
- This modest reduction will allow Parx to return its ATMs to their original locations as contemplated by over 7 years of experience and multiple PGCB approvals.

CURRENT CONDITIONS



- Currently, Parx has 176,592 square feet of gaming floor space between its main casino building and its grandstand building.
- Parx has 3,468 slot machines, 123 banking table games, 55 non-banking poker tables, 48 electronic wagering terminals with 3 dealer-assisted tables and 22 Ticket Redemption Machines.
- Parx has 14 ATMs.



Modifications to the Casino Floor

OP-23.3 modestly reduces the casino floor by 6,214 square feet or a mere 3.63%.

- No slot machine, table game or TRM is being moved.
- OP-23.3 allows Parx to return the ATMs to their original location as envisioned when the licensed facility was designed, built and updated.
- All of these original locations were approved by the PGCB at previous times over the last 7 years.
- Each location was planned to coincide with other gaming floor modifications—increases in table games, increases in slot machines or expanding the gaming floor layout.
- ATM locations are not inconsequential decisions.



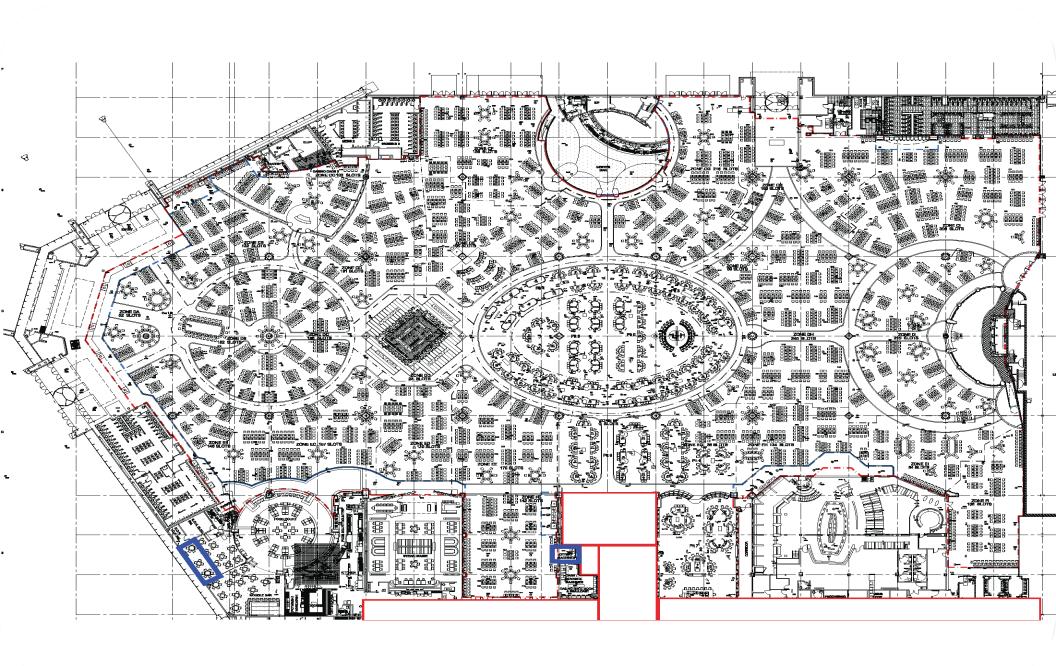
Current ATM Locations

As a result of OEC's requirement to remove its ATMs from the gaming floor, Parx was forced to move its 14 ATMs into two locations:

- Location No. 1 Adjacent to general purpose space next to Bambu
- Location No. 2 Inside Simulcast Racebook
- Following map shows the concentration of ATMs in the south eastern corner of the building.
- Parx has received daily complaints from customers about ATM locations and questions about when those machines will go back to their original location.

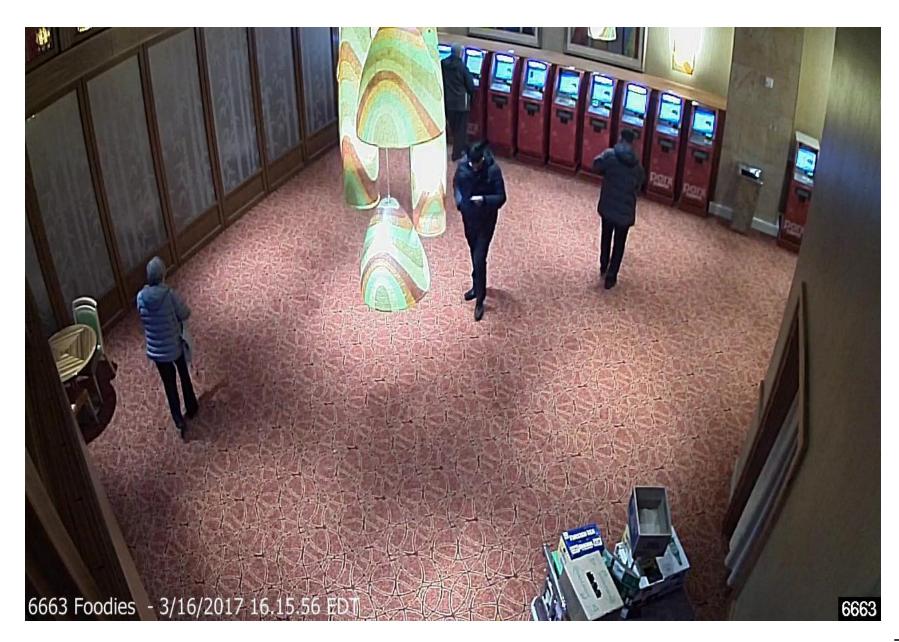


Current ATM Locations





Current Location No. 1 - ATMs Next To Bambu





Current Location No. 2 - ATMs in Simulcast Racebook





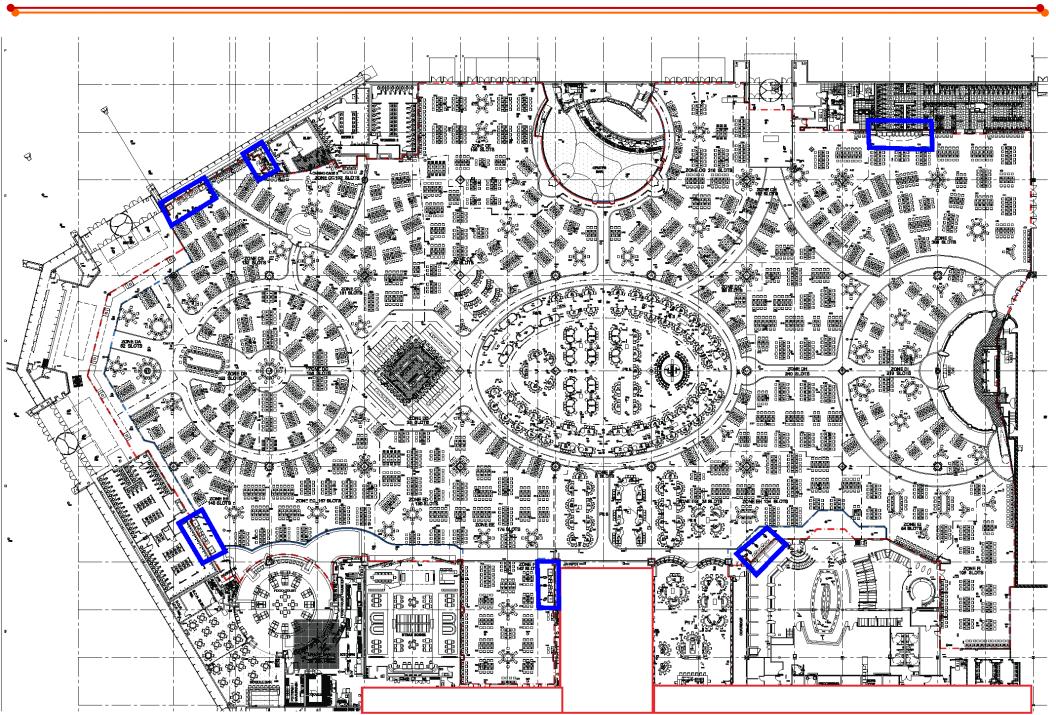
Previously Approved ATM Locations (OP-23.2)

Parx designed and built 6 cash centers at its licensed facility that contained some combination of TRM and ATM machines. These cash centers were strategically located to maximize the customer experience and approved by the PGCB.

- Cash Center No. 1 Next to Chickie & Petes (2 ATMs)
- Cash Center No. 2 Near West Entrance (2 ATMs)
- Cash Center No. 3 Inside Xclusive Room (1 ATM)
- Cash Center No. 4 Near Valet Pick-Up (3 ATMs)
- Cash Center No. 5 Near Foodies (3 ATMs)
- Cash Center No. 6 Near Simulcast Racebook (3 ATMs)
- Following map shows the geographic diversity of the previously approved ATM locations throughout the licensed facility.

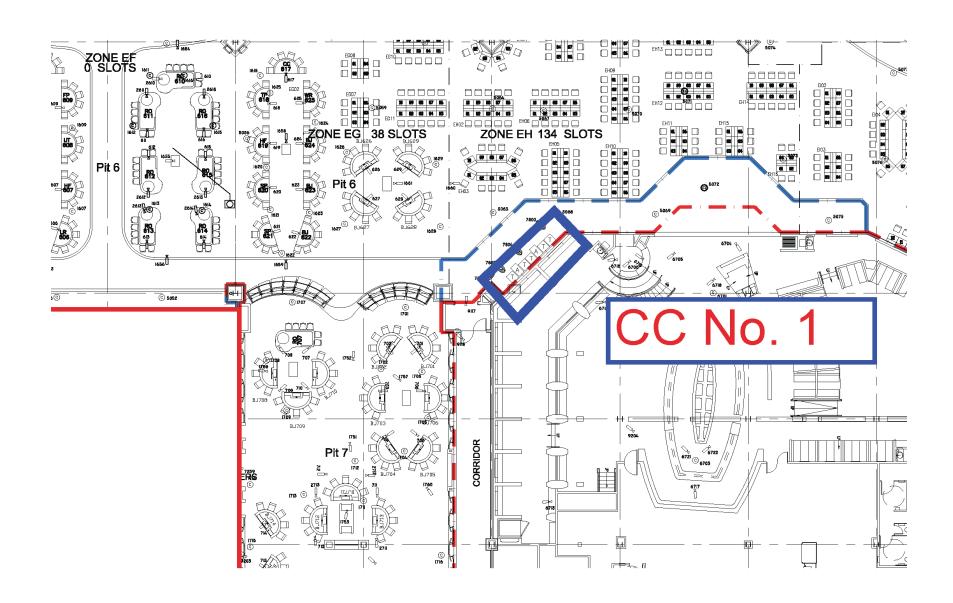


Previously Approved ATM Locations (OP-23.2)



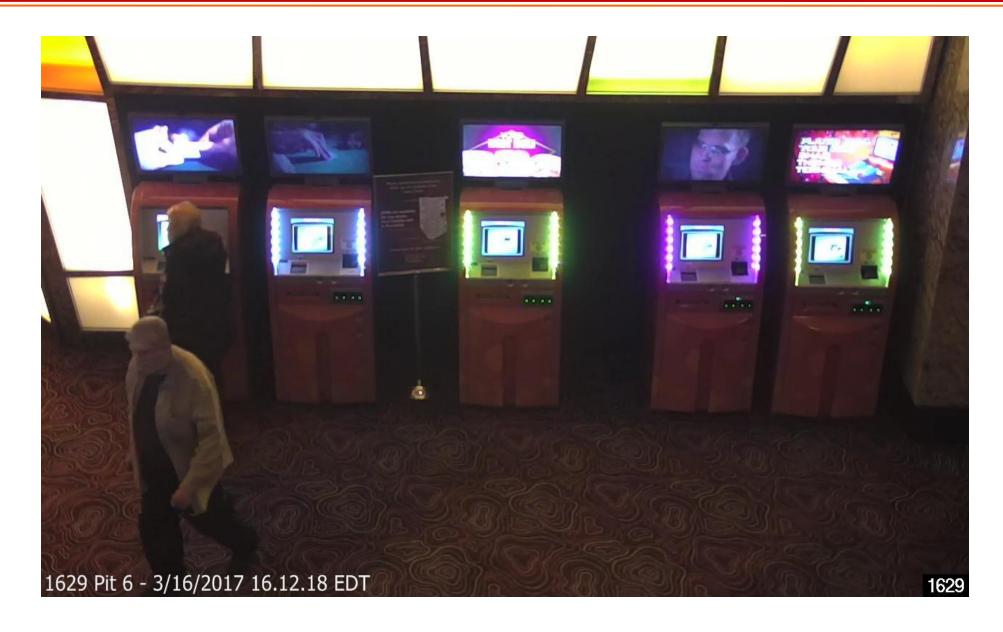


Previously Approved Cash Center No. 1 (2 ATMs)



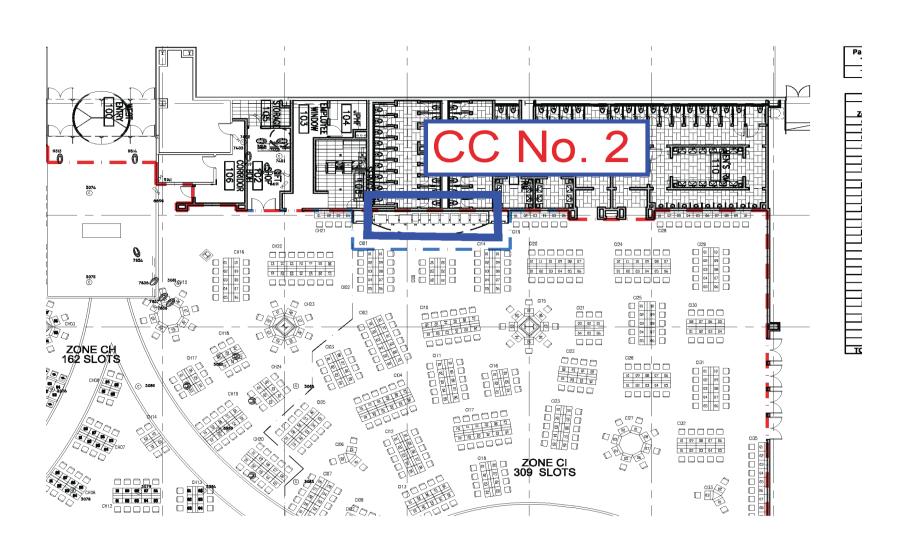


Previously Approved Cash Center No. 1 (2 ATMs)





Previously Approved Cash Center No. 2 (2 ATMs)



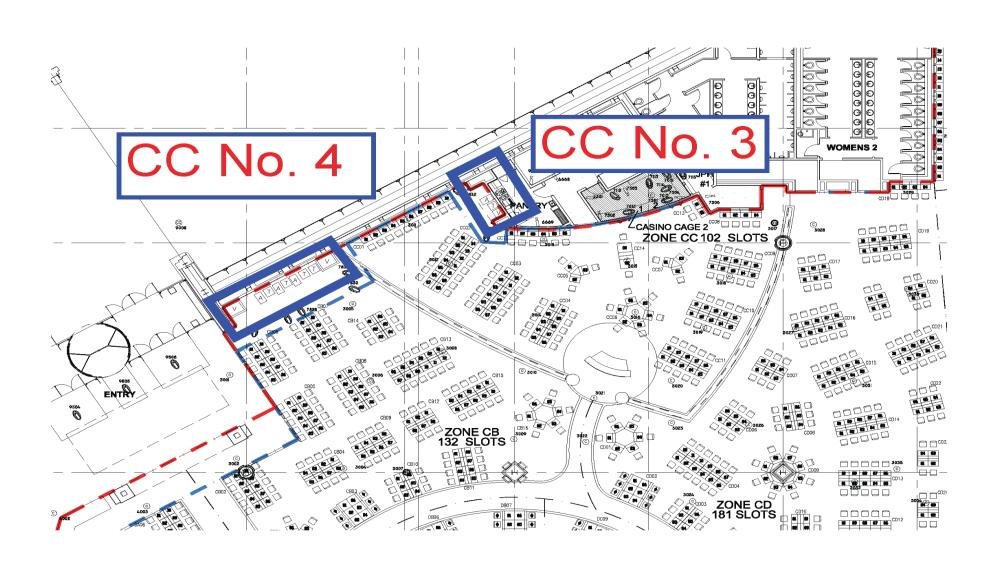


Previously Approved Cash Center No. 2 (2 ATMs)



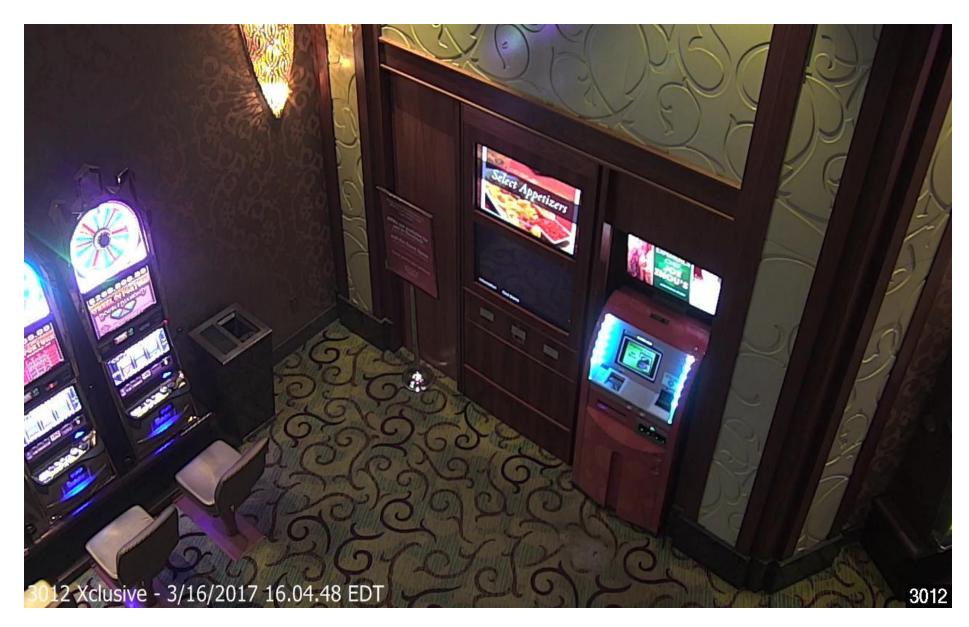


Previously Approved Cash Center No. 3 & No. 4 (4 ATMs)



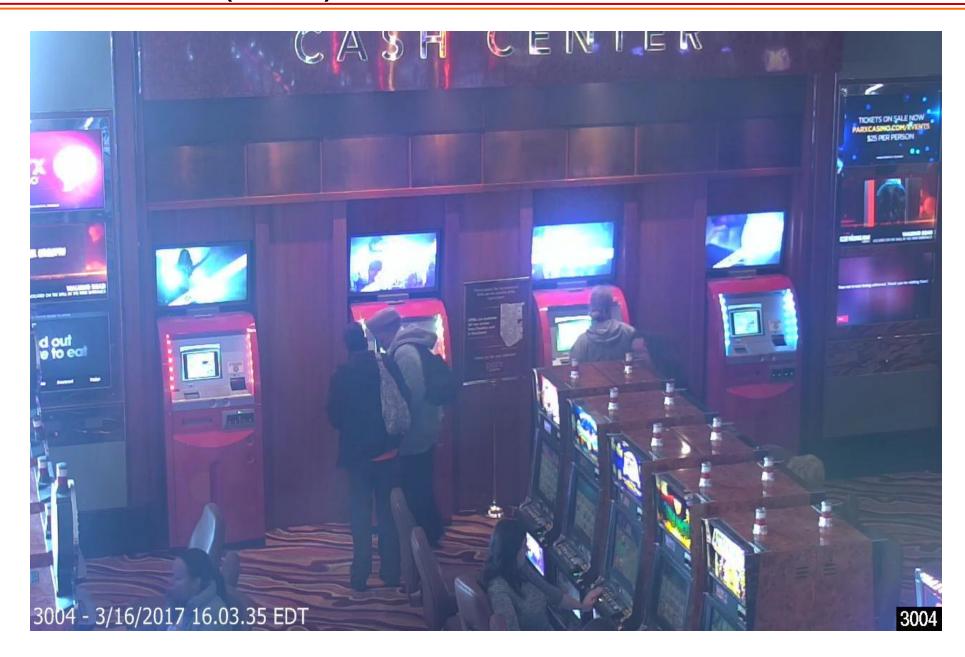


Previously Approved Cash Center No. 3 (1 ATM)



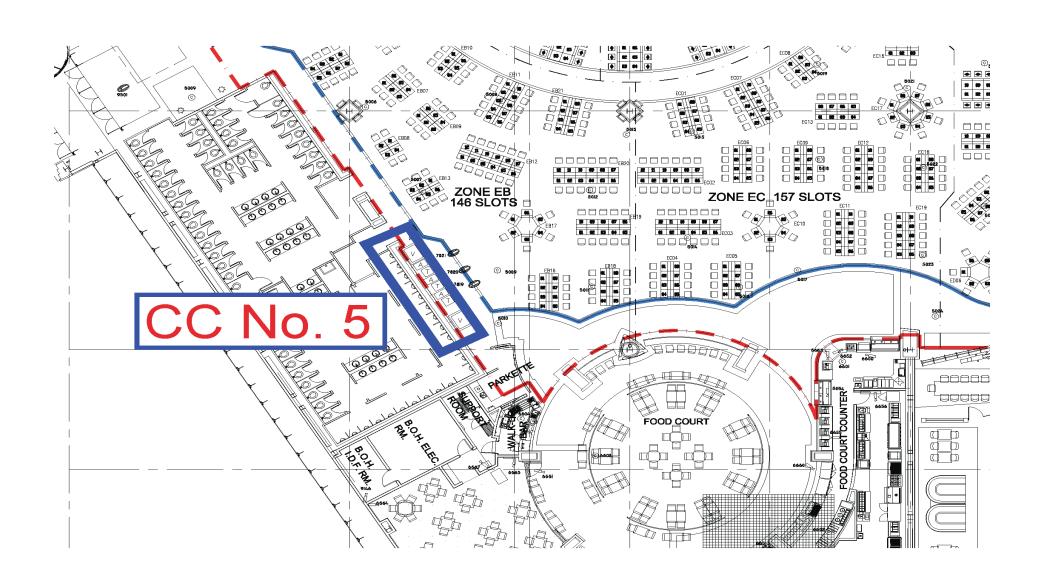


Previously Approved Cash Center No. 4 (3 ATMs)





Previously Approved Cash Center No. 5 (3 ATMs)



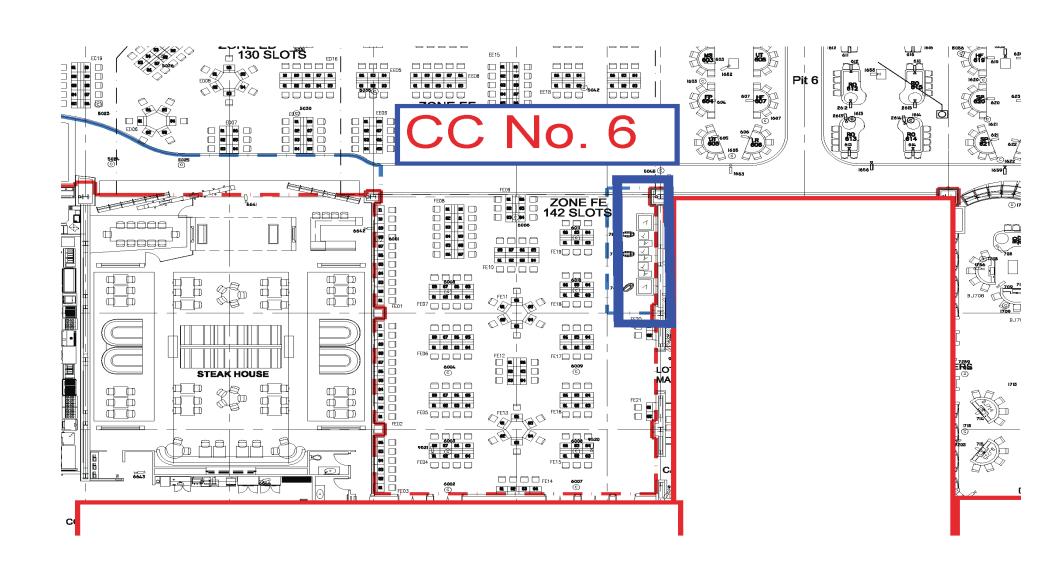


Previously Approved Cash Center No. 5 (3 ATMs)



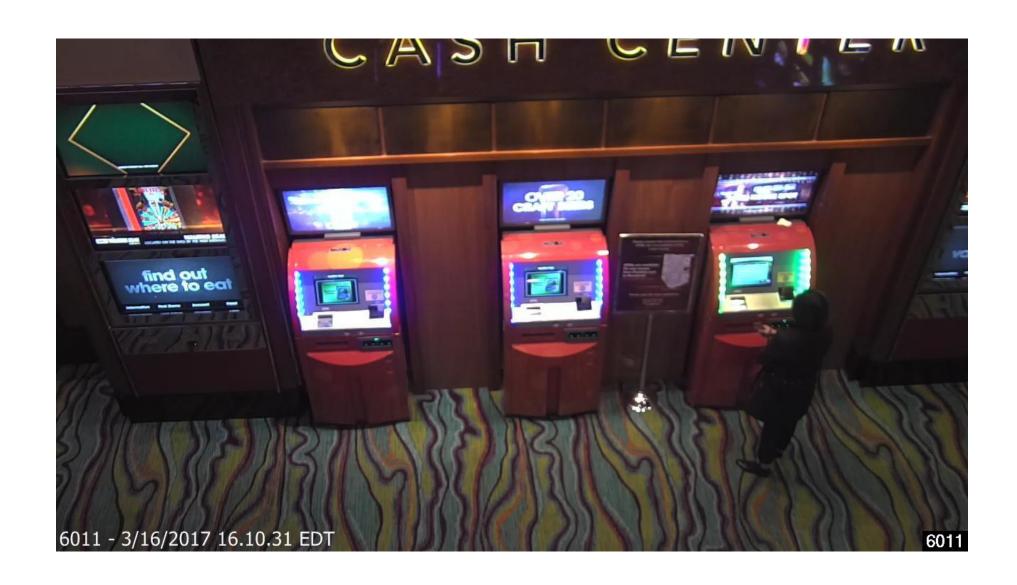


Previously Approved Cash Center No. 6 (3 ATMs)





Previously Approved Cash Center No. 6 (3 ATMs)





Rationale Supporting OP-23.3

Parx's proposed modifications simply bring the perimeter of the designated gaming floor off the interior and exterior walls and move it closer to gaming equipment.

Parx believes the proposed modifications accomplish the following goals:

- Address OEC's concerns about the ATMs while ensuring compliance with the Gaming Act
- Preserve the overall aesthetic of its licensed facility
- Avoid material harm to the Commonwealth and Parx's economic interests



Compliance with Gaming Act

Parx chose to extend its gaming floor boundary to its exterior and interior walls. Nothing in the Gaming Act or PGCB's regulations mandated that choice. Rather, Parx had the discretion, subject to PGCB review, to set its own gaming floor boundaries.

- Parx was designed, built and maintained to maximize customer experience
- As part of its design and construction, Parx chose convenient locations for its cash centers, so customers could have a better experience at the casino
- All cash center locations were previously approved by the PGCB and nearly all have been in place over 5 years



Compliance with Gaming Act

OEC's objections misapply Sections 13A27 and 1504 of the Gaming Act to suggest that even ATMs off the casino floor cannot be used by patrons to obtain cash via debit or credit cards.

- However, sections 13A27 and 1504 apply primarily to house credit i.e., credit extended and cash advanced by the casino.
- Section 13A27 also states: "No credit card advance machine may be placed on the" floor.
- The ATMs at Parx are owned and operated by third party providers and banks not Parx.
- Other than the last sentence of 13A27, these sections do not apply at all to the ATMs at Parx.
- OEC's claims to the contrary are inconsistent with the Gaming Act and regulations, are impractical and, if adopted, would have devastating consequences.



Preserve Aesthetic Design of Parx Casino

- Parx built and maintained a modern, clean and elegant aesthetic at its licensed facility
- This construction included custom designed cash centers in which TRMs and ATMs are located
- Each cash center was strategically placed throughout the building in unique enclosures with custom millwork
- Current ATM locations detract from the overall aesthetics of Parx Casino
- Cramming ATMs into limited and unsuitable spaces, including the current locations or other "bad fits" should not be mandated when a fully compliant and consistent alternative exits in OP-23.3



Prevent Material Harm to Economic Interests

- Pennsylvania is a convenience gaming market where patron convenience drives gaming revenue. As the highest revenue generating casino in Pennsylvania, Parx is well versed in this business model and, despite OEC's objections, this concept filters down to the granular level of operations at our facility.
- The forced consolidation of ATMs into fewer, more distant cash centers is significantly less convenient for Parx's customers. This loss of convenience has a negative impact on gaming revenues for both Parx and the Commonwealth.
- Year Over Year Comparison Starting with December 20, 2016 and concluding on March 20, 2017 (90 Days After ATM Moves)

Change in Number of ATM Transactions	Change in Amount of Money Withdrawn from ATM	Change in Slot Win & Taxable Gross Terminal Revenue
-15.9%	-5.8%	-2.5% -\$2,462,342



Counter Points to OEC's Objections to OP-23.3

Even considering OEC's position, the Board has the discretion to find that the ATMs in question are not "credit card advance machines" as referenced in section 13A27, and thus are compliant with the Gaming Act. There is ample evidence for such a conclusion:

- "Credit Card Advance" feature on these ATMs screens has been disabled
- For Merchant Category Code (MCC) transaction codes, all cash withdrawals from the ATM are coded as ATM withdraws
- There is no signage, advertising or display noting that credit cards are accepted at the ATMs
- Customer must intentionally use a credit card and select withdrawal from "checking" or "savings" account
- All requests for cash at the ATMs are sent to the patrons' financial institutions via the ATM debit payment network and not across the separate payment network for cash advances
- Transactions at the ATMs are subject to the debit cash withdrawal limitations, while credit card advances typically enjoy daily cash limits in the thousands of dollars

Irrespective of the foregoing, OP-23.3 resolves any compliance issues related to ATMs by modifying the gaming floor boundary such that the relocated machines, in their original locations, are off the gaming floor.



Conclusion

- OP-23.3 represents a reasonable solution to the forced removal of ATMs from the Parx Casino gaming floor
- Locations for slot machines, table games, ticket redemption machines, valet kiosks and ATMs are carefully planned, designed, constructed and maintained
- OP-23.3 allows Parx to return the ATMs to their original locations as envisioned when the licensed facility was built and updated
- All of these original locations were approved by the PGCB at previous times over the last 7 years
- OP-23.3 addresses the following significant issues related to the ATMs:
 - OP-23.3 ensures compliance with the Gaming Act and PGCB regulations
 - OP-23.3 preserves the overall aesthetic and design of Parx Casino
 - OP-23.3 prevents further material harm to the Commonwealth's economic interests